

FOSTER CARE – TITLE IV-E CLUSTER:

93.658	FOSTER CARE – TITLE IV-E
N/A	STATE APPROPRIATIONS AND
N/A	TANF TRANSFER TO SSBG / CHILD CARING AGENCIES

State Project/Program:	TITLE IV-E MAXIMIZATION PROGRAM AND STATE FUNDS
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U. S. Department of Health and Human Services

Federal Authorization: Social Security Act, as amended, Title IV-E, Section 470 et seq.: Adoption Assistance and Child Welfare Act of 1998, Sections 101 and 102, Public Law 96 –272; Omnibus Budget Reconciliation Act of 1987, Public Law 100-203; Family Support Act of 1988, Public Law 100-485; Technical and Miscellaneous Revenue Act of 1988, Title VIII, Subtitle B, Section 8104, Public Law 100-647; 42 U.S.C 670 et seq.: Omnibus Budget Reconciliation Act of 1993, Public Law 103-66; Social Security Act Amendments of 1994, Public Law 103-432; Adoption and Safe Families Act of 1997, Public Law 105-89; Child Support; Performance and Incentive Act of 1998, Public Law 105-200; Intercounty Adoption Act of 2000, Public Law 106-279.

State Authorization: NCGS 143B-153, Social Services Commission; NCGS 108-A, Article 2, Part 4, Foster Care and Adoption Assistance Payments.

**N. C. Department of Health and Human Services
Division of Social Services**

Agency Contact Person - Program

JoAnn Lamm
(919) 733-9467
JoAnn.Lamm@ncmail.net

Agency Contact Person - Financial

Sarah Barham
(919) 733-1259
Sarah.Barham@ncmail.net

N. C. DHHS Confirmation Reports:

SFY 2006 audit confirmation reports for payments made to Counties, Area Programs, Boards of Education, Councils of Government, District Health Departments, DCD State Level Contractors and HRSA Bioterrorism Grant Subrecipients will be available by around late August to early September at the following web address:

<http://www.dhhs.state.nc.us/control/>

At this site, page down to “Letters/reports/forms for ALL Agencies” and click on “Audit Confirmation Reports (State Fiscal Year 2005-2006)”. Additionally, audit confirmation reports for Nongovernmental entities receiving financial assistance from the DHHS are found at the same website except select “Non-Governmental Audit Confirmation Reports (State Fiscal Years 2003-2005)”.

The auditor should not consider the Supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor can consider the supplement a “safe harbor” for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current. The

grantor agency may elect to review audit working papers to determine that audit tests are adequate.

I. PROGRAM OBJECTIVES

MAXIMIZATION OF STATE FUNDS AND TANF TRANSFER TO SSBG/CHILD CARING AGENCIES: The State Funds Maximization program, which includes 1.5 million dollars of TANF transferred to SSBG, totals 9 million dollars. The purpose of this program is to supplement the cost of foster care services for eligible children in the custody or placement responsibility of the County Departments of Social Services. Children are placed with Child Placing Agencies and Residential Child-Care Facilities as defined under GS 131D-10.2. The purpose of the State Funds program is to also provide the State share of the cost of the proper and efficient administration and operation of such agencies as specified in GS 143B-153 (2) d. The supplement is based on the child caring agencies' State established cost of care (Facility Rate).

The Facility Rates of agencies participating in the program are provided annually in a Dear County Director letter that is kept on file at each county DSS. This letter may also be found on the "COUNTY STAFF INFO" page of the Division of Social Services' web-site at <http://www.dhhs.state.nc.us/dss/dcdl/fscw.htm> under "County Director Letters". The Facility Rate letter # is FSCW-26-2005 (<http://www.dhhs.state.nc.us/dss/dcdl/famsupchildwelfare/fscw-26-2005.pdf>).

MAXIMIZATION OF TITLE IV-E FUNDS: The purpose of the IV-E Maximization program is to supplement the cost of foster care services for eligible children in the custody or placement responsibility of the County Departments of Social Services. Children are placed with Child Placing Agencies and Residential Child-Care Facilities as defined under GS 131D-10.2 or Family Foster Homes licensed by the County Departments of Social Services. The supplement is based on the State established cost of care (Facility Rate). Facility rates are provided annually in a Dear County Director letter that is kept on file at each county DSS, as well as on the Division of Social Services Children's Services web-site.

The purpose of the IV-E Maximization program is to also provide the Federal share of the cost of the proper and efficient administration and operation of non-DSS child care agencies in accordance with the Federal foster care Program Regulations. The ACF source publication outlining allowable foster care costs for private child caring agencies is available on the Internet at <http://www.acf.hhs.gov/programs/cb/laws/>. Click on "Child Welfare Policy Manual", Click on "8. Title IV-E". Specific information on allowable costs and rates can be found under "8.3B.1 Title IV-E, Foster Care Maintenance Payments, Programs, Payments, Allowable Costs" and "8.3B.2 Title IV-E, Foster Care Maintenance Payments, Programs, Payments, Rates".

II. PROGRAM PROCEDURES

The cognizant federal agency is the Administration of Children and Families, Department of Health and Human Services. For maximization of State Funds and TANF transferred to SSBG Funds, the General Assembly appropriates this funding for administration by the NC Department of Health and Human Services for approved, allowable foster care costs to Child Placing Agencies and Residential Child-Care Facilities as defined under GS 131D-10.2 with a State established Facility (cost of care) Rate. For maximization of Title IV-E funds, the Federal government, through the State's approved IV-E Plan, reimburses 1.) County Departments of Social Services for eligible children in either DSS operated family foster homes or in child care

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agencies with a Facility Rate and 2.) child care agencies with a Facility Rate for approved, allowable foster care costs.

Maximization payments are based on 1.) The established Facility Rates for Child Placing Agencies and Residential Child-Care Facilities or 2.) The amount reported paid above the Standard Board Rate (SBR) for IV-E children placed in county DSS operated family foster homes. Federal Title IV-E reimbursement above the SBR is based on the Federal Medicaid Assistance Participation (FMAP) rate and is paid to the agency that incurs the cost. State Funds and TANF transferred to SSBG are used to match IV-E dollars previously matched by the private provider. Additional funding may be paid as supplemental to Child Placing Agencies and Residential Child-Care Facilities as defined under GS 131D-10.2 that are members of the State Funds Program in accordance with APA Rules (10NCAC 70 D). Data must be entered into the Child Placement and Payment System on the DSS-5094 form accurately and timely by the custodial county DSS in order for an agency to receive maximization reimbursement.

Private child caring agencies and non-DSS governmental agencies with Facility (cost of care) Rates receive monthly preliminary, secondary, and final payment reports (PQA-120). This report is broken down by funding source: PQA-120-1 for Title IV-E funds and PQA-120-2, PQA-120-3 and/or PQA-120-4 for Non IV-E Funds (State Funds and TANF transferred to SSBG Funds). The reports indicating the amount of each child's claim for Title IV-E eligible children and the amount of reimbursement to be received. The PQA-120 lists:

1. Facility ID,
2. Facility name,
3. Client Services Information System number,
4. Client name,
5. 2-digit number (01-Alamance through 00 -Yancey) of the county DSS that has custody of the child,
6. Number of residence days,
7. Number of compliance days,
8. The Facility Rate,
9. Child's Applied Resources,
10. Foster Care Payment amount, and
11. Child Care Agency claim amount.

The PQA-120-1 lists the amount of the federal reimbursement, which is based on the Federal Medical Assistance Percentage (FMAP). The PQA-120-2, PQA-120-3 and PQA-120-4 do not list the amount of State Funds or TANF Transferred to SSBG Funds reimbursement, as the percentage of reimbursement varies from month to month.

County departments of Social Services receive monthly preliminary and final payment reports for Title IV-E funds (PQA-022-1) indicating the amount of Federal reimbursement to be received above the SBR. The PQA-022-1 lists the child's Services Information System client identification number, the foster care claim amount and the federal reimbursement (FRP).

III. COMPLIANCE REQUIREMENTS

Crosscutting Requirements

The compliance requirements in the NC Division of Social Services "Cross-Cutting Requirements" in Section D (Supplement #DSS-0) are applicable to this grant.

A. Activities Allowed or Unallowed

Program funds can be used to pay for foster care maintenance, daily care and supervision, some social services and some administrative costs for private agencies. Refer to the Children's Services Manual, Volume I, Chapter IV, Child Placement, Section 1203: Foster Care Funding for allowable foster care maintenance costs. Non-allowable costs include costs associated with providing counseling and treatment, fund-raising expenses and bad debts. The ACF source publication outlining allowable foster care costs for private child caring agencies is available on the Internet at <http://www.acf.hhs.gov/programs/cb/laws/>. Click on "Child Welfare Policy Manual", then click on "8. Title IV-E". Specific information on allowable costs and rates can be found under the "8.3B.1 Title IV-E, Foster Care Maintenance Payments, Programs, Payments, Allowable Costs" and "8.3B.2 Title IV-E, Foster Care Maintenance Payments, Programs, Payments, Rates".

B. Allowable Costs/Cost Principles

All grantees that expend State funds (including federal funds passed through the N. C. Department of Health and Human Services) are required to comply with the cost principles described in the N. C. Administrative Code at 09 NCAC 03M .0201

C. Cash Management

This requirement has not been passed to sub-recipients as funds are received locally on a reimbursement basis.

E. Eligibility

Individual eligibility to receive financial assistance for foster care is determined by the county department of social services, based on Federal and State laws. Refer to the Children's Services Manual, Volume I, Chapter IV, Child Placement, Section 1205: Foster Care Assistance: Eligibility and Reimbursability. Only children in the custody or placement responsibility of a county department of social services are eligible to receive foster care assistance. The manual section can be viewed at: <http://www.dhhs.state.nc.us/dss/index.htm>. Click on MANUALS AND FORMS and locate the Section to which referred.

F. Equipment and Real Property Management

This requirement has not been passed down to the local level; therefore, no testing is required by the local auditor.

G. Matching, Level of Effort, Earmarking

The Federal Medicaid Assistance Percentage (FMAP) for the year being audited determines the amount of reimbursement and match required. The FMAP changes each October 1. The FMAP can be from the following website: <http://aspe.os.dhhs.gov/health/fmap> (with the 2-digit year needed) followed by [.htm](#).

I. Procurement and Suspension and Debarment

All grantees that expend federal funds (received either directly from a federal agency or passed through the N. C. Department of Health and Human Services) are required to conform with federal agency codifications of the grants management common rule accessible on the Internet at <http://www.whitehouse.gov/omb/grants/chart.html>.

All grantees that expend State funds (including federal funds passed through the N. C. Department of Health and Human Services) are required to comply with the procurement standards described in the North Carolina General Statutes and the North Carolina Administrative Code, which are identified in the State of North Carolina Agency Purchasing Manual accessible on the Internet at http://www.doa.state.nc.us/PandC/agpurman.htm#P6_65.

Nongovernmental subrecipients shall maintain written Procurement policies that are followed in procuring the goods and services required to administer the program.

The list of debarred parties may be viewed at the following Internet web site: <http://epls.arnet.gov>. The procurement requirement has not been passed to the local level; therefore, no testing is required by the local auditor.

L. Reporting

In order for a Facility Rate to be established, a private, non-profit Child Placing Agency, a residential child-care facility or unit of county government must annually submit audited financial statements, documentable child care days and completed cost reports to the DHHS Controller's Office. Each year established rates are entered in the Foster Care Licensing System database for each qualified, licensed family foster home and residential child-care facility. When a child in DSS custody, placed in a qualified, licensed family foster home with a Facility Rate receives foster care services, the county department of social services and/or the service provider receives reimbursement from the DHHS Controller's Office either electronically or via check. For county departments of social services, the PQA-020/022 reports support the reimbursement amounts. For the private Child Care Agencies and the non-DSS units of county government, the PQA-120 series of reports support the reimbursement amounts. Data on these reports is derived from data keyed into the Child Placement and Payment System (CPPS) by the county DSS. Local auditors should perform testing on the accuracy of information reported in CPPS that appears on the payment reports.

M. Subrecipient Monitoring

This requirement has not been passed to the subrecipients; therefore additional testing is not required.

N. Special Tests and Provisions

Compliance Requirement – Child-care agencies with State established Facility Rates are required to accept applicants based on their need for services, not on the child’s eligibility category. Therefore, child care agencies are prohibited from obtaining eligibility information on the child’s application for services. Following the child’s acceptance, however, the child-care agencies should document, through a financial agreement, with the legal custodian:

- 1) The child’s funding category,
- 2) Types of services to be provided,
- 3) Sources of funding for services,
- 4) Amount of funds from each source, and
- 5) Identify any amount exceeding the State established Facility (cost of care) Rate as other than foster care services.

When the child-care agency also provides behavioral mental health residential treatment services, the child-care agency must segregate these costs from foster care costs. Child-care agencies should maintain a list of residents indicating the child’s funding category, the child’s legal custodian, the amount billed and paid each month and the number of days in care. This list should be compared to and reconciled with the PQA-120 reports on a regular basis.

Audit Objectives

- 1.) For County DSS: Not applicable. Covered in Foster Care and Adoption Assistance Cluster.
- 2.) For Private Child-Care Agencies and non-DSS units of county government: Children are accepted based on need not on funding category.

Suggested Audit Procedures

For non-DSS units of county government and Private Child-Care Agencies:

- 1.) Obtain and review PQA-120 reports and verify eligible children. (Children on the report were actually there.)
- 2.) Verify that the child’s application does not include information about the child’s eligibility category.
- 3.) Verify the child’s financial agreement is signed by the child’s legal custodian and that this agreement identifies the child’s funding, by source and amounts for each source.
- 4.) Verify the number of childcare days provided by child’s funding source and legal custodian.

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- 5.) Verify that the amount of foster care payment does not exceed the State established Facility Rate for the total amount of compliance days and that the total amount of Federal funds reimbursed does not exceed the FMAP for the Facility Rate.
- 6.) Verify that amounts of payment above the Facility Rate are identified as other than foster care services.

For County DSS:

- 1.) Obtain and review PQA-020 and PQA-022 reports and verify eligible children placed in licensed residential childcare facilities and with private, child-placing agencies.
- 2.) Verify the number of childcare days and that the amount of reimbursement does not exceed the State established Facility Rate for that number of days.
- 3.) Verify that the total amount of Federal funds reimbursed does not exceed the FMAP for the amount paid or the Facility Rate.
- 4.) Verify accuracy of information on Payment Reports as it concerns payment amount and child's resources.